

Message Text

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DRAFTED BY EXIM BANK :GCHEIDRICH/CBWAGNER

APPROVED BY EB - THOMAS O. ENDERS

EB/IFD/ODF:RASWART

EUR/WE:EJBEIGEL

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FM SECSTATE WASHDC

TO AMEMBASSY ROME PRIORITY

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E.O. 11652: N/A

TAGS: EGEN, ENRG, IT

SUBJECT: ITALY'S 20,000 MW NUCLEAR POWER PROGRAM

REFERENCE: STATE 295239

1. PER AGREEMENT AT DECEMBER 5 MEETING OF ITALIAN HIGH-LEVEL FINANCIAL EXPERTS WITH EXIM, FOLLOWING ARE QUESTIONS WHICH BANKS BELIEVES POTENTIAL U.S. LENDERS WOULD ASK IN EVALUATING THEIR PARTICIPATION IN THE ITALIAN NUCLEAR PROGRAM. EMBASSY IS REQUESTED TO TRANSMIT THIS QUESTION OUTLINE TO MFA ENERGY COORDINATOR MIGLIUOLO WITH REQUEST
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THAT HE DISTRIBUTE IT TO APPROPRIATE ITALIAN ENTITIES FOR

ACTION.

A. FINANCIAL

1. WHO IS THE PROPOSED BORROWER? INCLUDE BORROWER'S AUDITED FINANCIAL STATEMENTS FOR 1973, 1974, AND 1975, IN ENGLISH.

2. WHO IS THE PROPOSED GUARANTOR?

3. DESCRIBE THE PROGRAM FINANCING PLAN SHOWING PROPOSED SOURCES OF DOMESTIC AND FOREIGN FUNDS, ANTICIPATED INTEREST

RATES, REPAYMENT SCHEDULES, AND SECURITY ARRANGEMENTS.

4. DESCRIBE THE FINANCIAL COMMITMENTS OF THE GOVERNMENT OF ITALY TO THE SUBJECT PROGRAM AND THE TIMING OF SUCH COMMITMENTS.

5. WHAT ARE THE BORROWER'S 10 YEAR (1976 THROUGH 1985) PROFIT AND LOSS PROJECTIONS? INCLUDE SUCH REVENUE AND EXPENSE ITEMS AS ANNUAL RATE INCREASES, FUEL ADJUSTMENT CHARGES, DEPRECIATION, INTEREST DURING CONSTRUCTION, OTHER FINANCING COSTS.

6. WHAT ARE THE BORROWER'S 10 YEAR (1976 THROUGH 1985) SOURCES AND USES OF FUNDS PROJECTIONS? INCLUDE SUCH ITEMS AS INTERNALLY GENERATED FUNDS, BORROWINGS, EQUITY CONTRIBUTIONS, DEBT REDUCTION, CAPITAL EXPENDITURES, AND WORKING CAPITAL CHANGES.

B. TECHNICAL

1. WHAT ARE THE PROGRAM COST ESTIMATES BROKEN DOWN INTO MAJOR WORK CATEGORIES, COUNTRIES OF ORIGIN, AND PROBABLE SUPPLIERS? MAJOR WORK CATEGORIES SHOULD INCLUDE: DESIGN, NUCLEAR STEAM SUPPLY SYSTEMS, TURBINE GENERATORS, MECHANICAL AUXILIARIES, ELECTRICAL POWER APPARATUS, CIVIL ENGINEERING, ERECTION, CONSTRUCTION MANAGEMENT, AND INITIAL CORE YELLOWCAKE, URANIUM ENRICHMENT, AND FUEL UNCLASSIFIED

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FABRICATION.

2. EXPLAIN THE COST ESCALATION, INTEREST DURING CONSTRUCTION, AND PROJECT TIMING FACTORS USED IN THE PROGRAM COST ESTIMATES.

3. DESCRIBE THE PROGRAM MANAGEMENT PLAN DELINEATING APPROVAL, FUNDING, COORDINATION, PURCHASING, AND MANAGE-

MENT RESPONSIBILITIES OF THE MAJOR PARTICIPANTS.

4. DESCRIBE THE FUEL SUPPLY PLAN FOR THE ENTIRE PROGRAM INCLUDING THE SOURCES OF YELLOWCAKE CONVERSION, URANIUM ENRICHMENT, FUEL FABRICATION, REPROCESSING, AND WASTE STORAGE. CITE THE TECHNOLOGICAL CAPABILITIES OF PROPOSED SUPPLIERS TO PERFORM THESE TASKS.

5. DESCRIBE ITALIAN INDUSTRIES' CAPACITY TO PERFORM THE REQUIRED TASKS WITHIN THE PRESCRIBED TIME FRAMES. CITE THE EXPERIENCE THE PROBABLE SUPPLIERS HAVE HAD WITH THE FABRICATION AND CONSTRUCTION OF 1,000 MW NUCLEAR POWER PLANTS.

6. IDENTIFY THE POTENTIAL NUCLEAR POWER PLANT SITES, IF KNOWN, TOGETHER WITH THE PROCEDURE UTILIZED IN ACQUIRING SUCH SITES.

7. EXPLAIN THE ENVIRONMENTAL EVALUATION PROCESS. INGERSOLL

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